

**STATE OF NEW YORK**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

Proceeding on Motion of the Commission    )  
as to the Rates, Charges, Rules and        )  
Regulations of Consolidated Edison        )  
Company of New York, Inc. for Gas Service)

**Case 06-G-1332**

**DIRECT TESTIMONY OF**  
**PAUL CHERNICK**  
**ON BEHALF OF**  
**THE CITY OF NEW YORK**

Resource Insight, Inc.

**MARCH 16, 2007**

**TABLE OF CONTENTS**

I. Identification and Qualifications..... 1

II. Introduction and Summary ..... 4

III. Benefits of Gas Energy-Efficiency Investments ..... 5

IV. Energy Efficiency Targets ..... 9

V. Decoupling Utility Revenues from Sales..... 11

VI. Energy-Efficiency Performance Incentives ..... 16

1 **I. Identification and Qualifications**

2 **Q. Please state your name, occupation and business address.**

3 A. I am Paul L. Chernick, President of Resource Insight, Inc., located at Five Water  
4 Street, Arlington, Massachusetts.

5 **Q. Summarize your professional education and experience?**

6 A. I received an SB degree from the Massachusetts Institute of Technology in June,  
7 1974 from the Civil Engineering Department, and an SM degree from the  
8 Massachusetts Institute of Technology in February, 1978. I have been elected to  
9 membership in the civil engineering honorary society Chi Epsilon, and the  
10 engineering honor society Tau Beta Pi, and to associate membership in the  
11 research honorary society Sigma Xi. I was a utility analyst for the Massachusetts  
12 Attorney General for more than three years, and was involved in numerous  
13 aspects of utility rate design, costing, load forecasting, and the evaluation of  
14 power supply options. Since 1981, I have been a consultant in utility regulation  
15 and planning, first as a research associate at Analysis and Inference, after 1986  
16 as president of PLC, Inc., and in my current position at Resource Insight. In  
17 these capacities, I have advised a variety of clients on utility matters. My work  
18 has considered, among other things, the cost-effectiveness of prospective new  
19 generation plants and transmission lines, retrospective review of generation-  
20 planning decisions, ratemaking for plant under construction, ratemaking for  
21 excess and/or uneconomical plant entering service, conservation-program  
22 design, cost recovery for utility efficiency programs, the valuation of environ-  
23 mental externalities from energy production and use, allocation of costs of  
24 service between rate classes and jurisdictions, design of retail and wholesale  
25 rates, and performance-based ratemaking and cost recovery in restructured gas

1 and electric industries. My professional qualifications are further summarized in  
2 Exhibit PLC-1.

3 **Q. Have you testified previously in utility proceedings?**

4 A. Yes. I have testified more than two hundred times on utility issues before  
5 various regulatory, legislative, and judicial bodies, including the Arizona Com-  
6 merce Commission, Connecticut Department of Public Utility Control, District  
7 of Columbia Public Service Commission, Florida Public Service Commission,  
8 Indiana Utility Regulatory Commission, Maine Public Utilities Commission,  
9 Maryland Public Service Commission, Massachusetts Department of Public  
10 Utilities, Massachusetts Energy Facilities Siting Council, Michigan Public  
11 Service Commission, Minnesota Public Utilities Commission, Mississippi Public  
12 Service Commission, New Jersey Board of Public Utilities, New Mexico Public  
13 Service Commission, New Orleans City Council, North Carolina Utilities  
14 Commission, Public Utilities Commission of Ohio, Ontario Energy Board,  
15 Pennsylvania Public Utilities Commission, Rhode Island Public Utilities  
16 Commission, South Carolina Public Service Commission, Texas Public Utilities  
17 Commission, Utah Public Service Commission, Vermont Public Service Board,  
18 Washington Utilities and Transportation Commission, West Virginia Public  
19 Service Commission, Federal Energy Regulatory Commission, and the Atomic  
20 Safety and Licensing Board of the U.S. Nuclear Regulatory Commission

21 **Q: Have you previously testified before the New York State Public Service**  
22 **Commission (“Commission”)?**

23 A: Yes. I have testified in the following cases:

- 24 • Case No. 96-E-0897, on the electric restructuring plan of the Consolidated  
25 Edison Company of New York;

- 1 • Case No. 99-W-0658, on the planning and rates of United Water New
- 2 Rochelle;
- 3 • Case No. 99-S-1621, on Con Edison’s steam rates;
- 4 • Case No. 00-E-1208, on the allocation of generation costs between New
- 5 York City and Westchester County;
- 6 • Cases No. 03-G-1671 on Con Edison’s gas rates and No. 03-S-1672 on
- 7 Con Edison’s steam rates;
- 8 • Case No. 04-W-1221, on the planning and rates of United Water New
- 9 Rochelle;
- 10 • Case No. 04-E-0572 on Con Edison’s electric planning and ratemaking;
- 11 • Case No. 06-M-1017 on electric power procurement.

12 **Q: Have you been involved in other activities in New York relevant to Con**  
13 **Edison and energy conservation?**

14 A: Yes. On behalf of the City, I

- 15 • was lead author on a 2003 City-wide electric energy plan and supported
- 16 development of the Electricity Resource Roadmap,<sup>1</sup>
- 17 • coauthored comments in Case No. 05-M-0090 on the system-benefits
- 18 charge,
- 19 • participated in the collaboratives on the Con Edison targeted electric DSM
- 20 program and the NYSERDA system-wide program for the Con Edison
- 21 territory.

22 In addition, I authored the sections on avoided costs and lost revenues for  
23 NYSERDA’s study of natural-gas program potential in Con Edison’s service

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<sup>1</sup>“New York City Energy Policy: An Electricity Resource Roadmap,” prepared by the New York City Energy Policy Task Force. 2004. New York: New York City Economic Development Corporation.

1 territory and avoided costs for NYSERDA's study of New York State' natural-gas  
2 program potential.<sup>2</sup>

3 **II. Introduction and Summary**

4 **Q. On whose behalf are you testifying?**

5 A. I am testifying on behalf of the City of New York.

6 **Q: What is the subject matter of your testimony?**

7 A. My testimony concerns various aspects of energy efficiency on the gas system  
8 of Consolidated Edison Company of New York, Inc.'s ("Con Edison" or "the  
9 Company"). First, I discuss the benefits of reduced gas demand for Con Edison  
10 customers. Second, I discuss the scope of gas DSM programs that may be  
11 justified for the Con Edison territory. Third, I discuss the benefits of decoupling  
12 Con Edison earnings from gas sales. Fourth and finally, I discuss financial  
13 incentives for the Company to reach energy-efficiency targets.

14 **Q: What are your conclusions and recommendations?**

15 A: I conclude that substantial investments in energy efficiency for Con Edison gas  
16 customers would be cost-effective. I therefore recommend that the Commission  
17 establish annual funding levels for energy-efficiency programs in Con Edison's  
18 rates. To remove Con Edison's disincentive for pursuing these savings, or  
19 cooperating in the development of those savings, I recommend that the  
20 Commission adopt a decoupling mechanism for Con Edison gas sales and, if

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<sup>2</sup>"Natural Gas Energy Efficiency Resource Development Potential In Con Edison Service Area." 2006. Phillip Mosenthal, et al. Albany, N.Y.: New York State Energy Research and Development Authority; "Natural Gas Efficiency Resource Development Potential in New York." 2006. Phillip Mosenthal et al. Albany, N.Y.: New York State Energy Research and Development Authority.

1 Con Edison is the program administrator, establish a process for adopting  
2 financial incentives for good performance in implementing energy efficiency.

3 The specific details of program funding, program design, the decoupling  
4 mechanism, and incentives should be developed through a consultative process  
5 among the parties to this proceeding, leading to one or more proposals to the  
6 Commission.

### 7 **III. Benefits of Gas Energy-Efficiency Investments**

8 **Q: What costs are avoided by increasing the efficiency of natural-gas usage?**

9 A: Gas efficiency can avoid both supply costs and local utility costs.

10 **Q: What supply costs are avoided by gas efficiency?**

11 A: Gas supply planning is complicated, especially when the distribution utility and  
12 several other suppliers are serving customers in the same service territory. The  
13 utility, or any other supplier, may engage in any or all of the following practices:

- 14 • purchase gas at the wellhead or at production-area hubs, under long-,  
15 intermediate-, and short-term contracts (which may cover deliveries every  
16 day of the year or as little as 60 days), and from the spot market;
- 17 • purchase pipeline delivery capacity from each gas purchase point to the  
18 citygates, under long-, intermediate-, and short-term contracts;
- 19 • swap gas at one location for gas at another location;
- 20 • purchase gas at delivery points closer to the citygates, from generators,  
21 brokers and other users, either long- or short-term;
- 22 • purchase underground storage capacity (paying annual capacity charges,  
23 inventory charges, injection and withdrawal fees);

- 1 • purchase pipeline capacity from each gas purchase point to the storage  
2 facilities (usually off-peak or year-round), and from the storage facilities to  
3 the citygates (usually only in the peak months);
- 4 • build local supplemental gas supply, as LNG (liquefying gas off-peak and  
5 expanding it on-peak), compressed gas and/or propane to allow delivery  
6 under design-peak conditions.

7         Depending on its exact mix of gas supplies, a reduction in load due to  
8 energy efficiency will allow the utility to avoid various categories of these costs.  
9 If the utility does not fully use its commodity and capacity entitlements, it can  
10 sell the excess to other users at market rates. Furthermore, a reduction in  
11 demand will generally reduce the unit market price of gas, further reducing the  
12 cost to customers.

13 **Q: What local utility costs are avoided by gas efficiency?**

14 A: In addition to the avoided local storage and supplemental supply costs, energy  
15 efficiency can reduce some operating costs, such as energy used for compres-  
16 sion, and reductions in peak demand can reduce local transmission-and-  
17 distribution investments. Moreover, lower customer bills will generally reduce  
18 the Company's bad debt expense, which is recovered from customers.

19 **Q: Do customers who do not participate in efficiency programs receive any  
20 benefit from the reduction in usage?**

21 A: Yes. In fact, natural-gas efficiency benefits non-participating customers in at  
22 least three ways, as follows:

- 23 • Con Edison has a range of gas resources. Reductions in gas usage may  
24 allow the Company to cut back its use of the most expensive resources,  
25 reducing average gas prices to all customers.



- 1       • Reduced peak load is likely to allow Con Edison to avoid some local  
2       transmission-and-distribution costs.
- 3       • Reduced demand for natural gas by firm customers may free up pipeline  
4       capacity and local distribution capacity, allowing Con Edison to deliver  
5       more gas to interruptible and dual-fuel customers, earning revenues that  
6       reduce delivery costs to firm customers. In many cases, the gas will be  
7       replacing oil, reducing pollution (SO<sub>2</sub>, NO<sub>x</sub>, particulates) and greenhouse  
8       gases (CO<sub>2</sub>).
- 9       • Reduced demand for natural gas will tend to reduce wholesale market  
10      prices in production areas and in delivery areas, benefiting Con Edison  
11      customers and gas customers throughout New York State and beyond.  
12      Since the market price of electricity is driven largely by the cost of gas  
13      burned in power plants, electric customers in New York and elsewhere will  
14      also benefit.
- 15      • Reduced combustion of natural gas will reduce CO<sub>2</sub> emissions, easing  
16      compliance with future greenhouse-gas regulations.

17   **Q: How does gas conservation affect gas prices?**

18   A: The simplest analysis of demand and supply curve from an elementary  
19   economics textbook makes the point that shifting the demand curve for a  
20   product to the left reduces the quantity and price at which the demand and  
21   supply curves cross. As demonstrated by the spikes in gas prices in cold  
22   weather, the supply curve for natural gas is quite steep, so a change in the  
23   market-clearing quantity would be expected to result in a large change in the  
24   market price. If the change in demand is very small, the change in price may not  
25   be striking, but it should occur.

1           A recent study by NYSERDA estimated that a gas DSM program capturing  
2           just 5% of economic efficiency potential (reducing end-user gas consumption by  
3           just 1.5%) by 2016 could reduce total retail gas prices by about 0.3%.<sup>3</sup> While  
4           that does not look like a large price reduction, the present-value savings to New  
5           York gas consumers of that price reduction would exceed \$500 million.

6   **Q: Has natural gas consumption in Con Edison’s service territory been rising?**

7   A. Yes. Con Edison’s firm weather-normalized gas delivery volume increased 2.4  
8   percent from 2004 to 2005 (Con Edison 2005 Annual Report). The Company  
9   currently projects a further 1.9 percent increase in volume from the test year to  
10   the rate year (Direct Testimony of Con Edison witness Frank C. Yaegel, p. 2).  
11   Con Edison has also recently presented weather-normalized sales data and  
12   forecasts showing annual volume growth of about 2 percent from 2002 through  
13   2008 (“Long Tradition, Solid Performance,” presentation of Con Edison, Merrill  
14   Lynch Global Power and Gas Leaders Conference, New York, September 26,  
15   2006, slide 14).

16   **Q: Does the increase in gas usage have any implications for the value of**  
17   **natural-gas efficiency?**

18   A: Yes. The increase in gas consumption puts pressure on the gas-supply system to  
19   the New York citygates, on Con Edison’s local transmission system, and on the  
20   distribution delivery system. As loads increase, investments on all these systems  
21   will be required to accommodate the load growth. Increased competition for  
22   pipeline capacity will also tend to push up market prices. Energy efficiency can  
23   reduce all these costs and prices.

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<sup>3</sup>“Natural Gas Efficiency Resource Development Potential in New York.” 2006. Phillip Mosenthal et al. Albany, N.Y.: New York State Energy Research and Development Authority.

1 **IV. Energy Efficiency Targets**

2 **Q. Are there additional opportunities for gas energy efficiency in the Con**  
3 **Edison service territory?**

4 A. Yes. While there are a number of existing programs that have been introduced to  
5 foster greater energy efficiency, those programs have not achieved the results the  
6 City believes are possible. A commitment of additional resources will create  
7 significant additional energy efficiencies in the Company's gas business.

8 **Q: How is Con Edison currently pursuing energy efficiency for natural gas?**

9 A. Pursuant to the Commission Order adopting the terms of a Joint Proposal in the  
10 Company's last gas case (Case 03-G-1671), a \$5.0 million Gas Energy  
11 Efficiency Program was established in addition to funding of \$200,000 to  
12 perform a market study.

13 **Q: Would a larger natural-gas efficiency program be cost-effective?**

14 A: Yes. The market study funded in Case 03-G-1671 found that reducing 2016 gas  
15 usage in the Con Edison service territory by 26.5% of the forecasted sales would  
16 be cost-effective.<sup>4</sup> The same study analyzed a modest energy-efficiency program  
17 that would reduce Con Edison's gas deliveries by only about 1.5% in 2016 (or  
18 roughly 5% of the cost-effective potential). That program would require funding  
19 of \$15 million annually for five years. Even were there no economies of scale in  
20 the delivery of energy-efficiency programs, the existing Con Edison program  
21 would capture only about 0.3% of the cost-effective potential.

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<sup>4</sup>"Natural Gas Energy Efficiency Resource Development Potential In Con Edison Service Area." 2006. Phillip Mosenthal, et al. Albany, N.Y.: New York State Energy Research and Development Authority.

1 **Q: What might be a more reasonable budget for Con Edison gas energy-**  
2 **efficiency investment?**

3 A: I am not prepared to make a specific recommendation at this time. The program  
4 budget and other issues should be the subject of consultation among the parties  
5 to this proceeding, followed by filings to the Commission.

6           However, given the modest scale of the program developed in the market  
7 study, I would expect that a serious gas energy-efficiency program would be  
8 spending about \$30 million annually within a few years. Whatever budget is set  
9 should be subject to subsequent reconciliation, so that Con Edison does not  
10 benefit from under spending or suffer from additional prudent spending.

11 **Q: What party should administer the gas energy-efficiency programs in the**  
12 **Con Edison service territory?**

13 A: The candidates are NYSERDA or the Company itself. The advantage of NYSERDA  
14 is that it has developed extensive experience as the administrator for energy-  
15 efficiency programs, including those funded through the System Benefits  
16 Charge, Con Edison's system-wide electric energy-efficiency program mandated  
17 in Case 04-E-0572, and the Company's gas energy-efficiency program mandated  
18 in Case 03-G-1671. Energy-efficiency programs are a major portion of  
19 NYSERDA's mission. The agency's relationship with Con Edison's customers is  
20 generally limited to energy efficiency (and in some cases, development of  
21 renewable resources), so it has no conflicting incentives.

22           On the other hand, an energy-efficiency program can benefit from the  
23 knowledge, experience, and customer relationships only the distribution utility  
24 possesses. For example, Con Edison has customer data, account representatives  
25 who are well-positioned to involve customers in the process, frequent contacts  
26 with many of the professionals involved in designing buildings and selecting

1 equipment (e.g., architects, engineers, builders and contractors), and incompar-  
2 able knowledge of the gas market in its own service territory. Con Edison is  
3 certainly large enough to manage an energy-efficiency program effectively, if it  
4 chooses to do so.

5 Overall, Con Edison would probably be the most effective administrator of  
6 a gas-efficiency program, if it embraces that role. To the extent necessary, Con  
7 Edison could turn to NYSERDA and other experienced entities for assistance. On  
8 the other hand, if Con Edison is reluctant to serve as the program administrator,  
9 NYSERDA may well be preferable in that role.

## 10 **V. Decoupling Utility Revenues from Sales**

### 11 **Q. Is the Company's existing system for recovering its costs consistent with 12 promoting energy efficiency that is beneficial to ratepayers?**

13 A. No. Under its existing rate plan, as in most conventional ratemaking, the  
14 Company recovers a large portion of its costs through charges that vary with  
15 customer loads. Under this system, Con Edison's revenues rise and fall with  
16 customer consumption of gas. Hence, the Company has a significant incentive  
17 to increase throughput by promoting usage and discouraging efficiency. Both  
18 customer bills and Company revenues vary with weather.

### 19 **Q: How can those problems be ameliorated?**

20 A: Through an adjustment mechanism, the Commission can decouple recovery of  
21 allowed revenues from actual sales. The decoupling mechanism would be  
22 designed so that the Company collects only the revenue (either total or per  
23 customer) approved by the Commission. To the extent that actual revenue is  
24 more or less than the approved level, the difference is credited or recovered  
25 from customers at a later time. Thus, decoupling separates the revenue the

1 Company generates from providing gas service to customers from the volumes  
2 of gas that customers consume.

3 **Q: What are the benefits of revenue decoupling?**

4 A: Decoupling would eliminate Con Edison's direct financial incentive to increase  
5 throughput in order to increase revenue. It also would provide revenue stability  
6 for customers and the Company, especially during periods of extreme weather.  
7 The reduction in Con Edison's revenue volatility should reduce the Company's  
8 risk and hence its cost of capital.

9 **Q: What is the effect of decoupling on consumers?**

10 A: Decoupling stabilizes consumer bills over time; it does not increase costs  
11 customers. To the extent that decoupling leads to increased energy-efficiency  
12 investment, it may significantly reduce the commodity portion of the customer's  
13 bill, which is much larger than the distribution bill, as well as all the other  
14 benefits described in Section III.

15 **Q. Do other natural-gas utilities have a revenue-decoupling mechanism?**

16 A. Yes. A number of other jurisdictions have adopted decoupling to remove  
17 utilities' disincentives to invest in cost-effective natural-gas efficiency programs  
18 and reduce revenue volatility. These include the following states for the  
19 following utilities:

- 20 • Alabama (Alagasco),
- 21 • California (all gas utilities),
- 22 • Indiana (Vectren's Indiana Gas and Southern Indiana Gas and Electric  
23 units),
- 24 • Maryland (Baltimore Gas & Electric, Washington Gas),
- 25 • New Jersey (South Jersey Gas and New Jersey Natural Gas),
- 26 • North Carolina (Piedmont Natural Gas),

- 1           • Oregon (Northwest Natural Gas, Cascade Natural Gas),  
2           • Utah (Questar Gas),  
3           • Washington (Cascade Natural Gas).

4           A decoupling settlement for Vectren is pending in Ohio; the major issue in  
5           dispute is whether the decoupling mechanism should be tied to an energy-  
6           efficiency program.

7       **Q: How can a decoupling mechanism best stabilize customer bills?**

8       A: Over the period of a year or two, almost any decoupling mechanism would tend  
9       to stabilize total customer bills, if not the bills of individual customers.  
10       Distribution bills would still vary from month to month. If the over- or under-  
11       collection in one month is flowed through to ratepayers in the next month, the  
12       short-term variability may even increase; the over-collection (and high bills) in  
13       one month would result in a refund (and hence lower-than-expected bills) a  
14       month or two later. This quick flow-through would also not be the best way to  
15       stabilize individual customer bills on the scale of a year or two. For example,  
16       high bills in a cold February (paid primarily by space-heating customers) would  
17       result in a refund in April, when a higher percentage of sales is to non-heating  
18       customers.

19           To avoid this problem, the quarterly adjustments can be lagged one year, so  
20       the refunds from a cold winter are refunded the following winter. This is one of  
21       the important details of the design of a decoupling program that would need to  
22       be developed with care.

23       **Q: Are there any other important aspects of the design of a revenue decoupling**  
24       **mechanism?**

25       A: Yes. The mechanism must address with the following issues

- 26           • accruing interest on decoupling account balances;

- 1 • determining whether the revenue targets, refunds and surcharges will be
- 2 computed by class or for all firm sales and delivery customers as a whole;
- 3 • setting limits on annual refunds and surcharges, especially surcharges
- 4 during economic downturns;
- 5 • monitoring and reporting on service quality, to ensure that the decoupling
- 6 of Con Edison's revenues from sales does not encourage the Company to
- 7 neglect customer service;
- 8 • determining whether the revenue target will change with customer number,
- 9 inflation, or other factors.

10 **Q: What types of monitoring and reporting should the Commission require in**  
11 **connection with the decoupling?**

12 A: Two or three monitoring activities would be appropriate. First, by protecting  
13 Company revenues from falling sales, the decoupling may allow Con Edison to  
14 stretch out the interval between distribution rate cases. This could create a  
15 perverse incentive to increase earnings by neglecting service quality. The  
16 Commission therefore should require the Company to monitor and report  
17 changes in service quality from the time of decoupling implementation.

18 Second, the Company should monitor economic conditions. Were an eco-  
19 nomic downturn to reduce sales and revenues, decoupling would increase rates,  
20 exacerbating the effect on already stressed households, businesses and local  
21 governments. The Commission should be prepared to modify the mechanism, if  
22 those conditions occur.

23 Third, if the target revenue for each class varies in proportion to the  
24 number of customers in the class, as is common in decoupling mechanisms, the  
25 Commission should require monitoring to ensure that the revenue target is not  
26 distorted by the type of new customers added over time. If large master-metered



1 multi-family and commercial buildings are converted to multiple small  
2 customers, the customer number and hence the revenue target would increase,  
3 without any significant incremental distribution costs (other than the meter and  
4 billing). To provide the opportunity to modify the mechanism if conditions  
5 change significantly, the Company should monitor the size of new customers in  
6 each class and the number of conversions from master-metered to multi-metered  
7 buildings.

8 **Q: How should the various details you have laid out be resolved?**

9 A: I recommend that the Commission set the general policy direction—that a  
10 decoupling mechanism is to be implemented—and give Con Edison and the  
11 parties 90 days to resolve as many issues as possible and present the Commis-  
12 sion with a joint proposal or alternative proposals from which the Commission  
13 would choose.

14 **Q. Should the resolution of the decoupling issue in this case await the Commis-**  
15 **sion's final decision in the generic proceeding, Case 06-G0746?**

16 A. If the generic case is decided before this case is concluded, the principles  
17 adopted there would have to be incorporated here. However, the need for accel-  
18 erated energy-efficiency investment in Con Edison's service territory is clear  
19 enough to justify prompt action on decoupling in this gas rate proceeding. The  
20 issues associated with decoupling are significantly complex and utility-specific  
21 that some utility-specific consultation and program design will be necessary, in  
22 any case. In addition, experience with Con Edison's decoupling mechanism  
23 could improve decisions for other utilities in future rate proceedings.

1 **VI. Energy-Efficiency Performance Incentives**

2 **Q: Would implementation of a decoupling mechanism make energy-efficiency**  
3 **financially desirable for Con Edison?**

4 A: Not directly. Decoupling prevents the Company from being worse off due to  
5 energy efficiency, but does not raise Con Edison earnings if it does a good job  
6 promoting efficiency. If Con Edison finances part of the costs of an energy-  
7 efficiency program over several years, it would presumably earn a fair return on  
8 the deferred costs, but no more. Otherwise, the Company would simply collect  
9 funds from customers and spend those funds on energy efficiency (or pass the  
10 funds on to NYSERDA or implementation contractors).

11 **Q. Is there any reason to provide a financial incentive to the Company for**  
12 **exemplary energy-efficiency performance?**

13 A. Yes, if Con Edison is the program administrator. If Con Edison simply passes  
14 energy-efficiency funding on to NYSERDA or another party, it would be difficult  
15 to justify any incentive for Con Edison.

16 **Q: How might that incentive be designed?**

17 A: The incentive should be tied to the objectives of the program, which should rate  
18 reduction in total costs as the most important priority. Other objectives should  
19 include gas savings, reaching difficult-to-serve customers (e.g., low-income  
20 residential), and possibly other factors. The incentive should be a small part of  
21 the net benefits, so that customer savings will far outweigh the incentive, but  
22 potentially large enough to attract the attention of Company management.

23 Initially, the incentive should be small and only positive, as Con Edison  
24 builds capability to deliver gas efficiency. As Con Edison's experience grows, it  
25 should be expected to move toward world-class energy-efficiency programs, for  
26 which it would be eligible for larger incentives. Failure to reach reasonable

1 standards for efficiency performance should result in penalties roughly  
2 symmetrical with the potential rewards.

3 **Q. What should the Company's energy-efficiency target and incentive be set?**

4 A: If Con Edison is selected as the program administrator, the design of an incentive  
5 mechanism should be discussed among the stakeholders, leading to presentation  
6 of one or more proposals to the Commission. The incentive discussions could be  
7 delayed until after the development of the efficiency program and the decoupling  
8 mechanism.

9 **Q: Does this complete your testimony?**

10 A: Yes.

**PAUL L. CHERNICK**

Resource Insight, Inc.  
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Arlington, Massachusetts 02176

**SUMMARY OF PROFESSIONAL EXPERIENCE**

- 1986–Present* **President, Resource Insight, Inc.** Consults and testifies in utility and insurance economics. Reviews utility supply-planning processes and outcomes: assesses prudence of prior power planning investment decisions, identifies excess generating capacity, analyzes effects of power-pool-pricing rules on equity and utility incentives. Reviews electric-utility rate design. Estimates magnitude and cost of future load growth. Designs and evaluates conservation programs for electric, natural-gas, and water utilities, including hook-up charges and conservation cost recovery mechanisms. Determines avoided costs due to cogenerators. Evaluates cogeneration rate risk. Negotiates cogeneration contracts. Reviews management and pricing of district heating systems. Determines fair profit margins for automobile and workers' compensation insurance lines, incorporating reward for risk, return on investments, and tax effects. Determines profitability of transportation services. Advises regulatory commissions in least-cost planning, rate design, and cost allocation.
- 1981–86* **Research Associate, Analysis and Inference, Inc.** (Consultant, 1980–81). Researched, advised, and testified in various aspects of utility and insurance regulation. Designed self-insurance pool for nuclear decommissioning; estimated probability and cost of insurable events, and rate levels; assessed alternative rate designs. Projected nuclear power plant construction, operation, and decommissioning costs. Assessed reasonableness of earlier estimates of nuclear power plant construction schedules and costs. Reviewed prudence of utility construction decisions. Consulted on utility rate-design issues, including small-power-producer rates; retail natural-gas rates; public-agency electric rates, and comprehensive electric-rate design for a regional power agency. Developed electricity cost allocations between customer classes. Reviewed district-heating-system efficiency. Proposed power-plant performance standards. Analyzed auto-insurance profit requirements. Designed utility-financed, decentralized conservation program. Analyzed cost-effectiveness of transmission lines.
- 1977–81* **Utility Rate Analyst, Massachusetts Attorney General.** Analyzed utility filings and prepared alternative proposals. Participated in rate negotiations, discovery, cross-examination, and briefing. Provided extensive expert testimony before various regulatory agencies. Topics included demand forecasting, rate design, marginal costs, time-of-use rates, reliability issues, power-pool operations, nuclear-power cost projections, power-plant cost-benefit analysis, energy conservation, and alternative-energy development.

## EDUCATION

SM, Technology and Policy Program, Massachusetts Institute of Technology, February 1978.

SB, Civil Engineering Department, Massachusetts Institute of Technology, June 1974.

## HONORS

Chi Epsilon (Civil Engineering)

Tau Beta Pi (Engineering)

Sigma Xi (Research)

Institute Award, Institute of Public Utilities, 1981.

## PUBLICATIONS

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“Plugging Into a Municipal Light Plant,” With Peter Enrich and Ken Barna. Panel presentation as part of the 2004 Annual Meeting of the Massachusetts Municipal Association. January 2004.

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“The Economic and Environmental Benefits of Gas IRP: FERC 636 and Beyond.” Presentation as part of the Ohio Office of Energy Efficiency’s seminar, “Gas Utility Integrated Resource Planning,” April 1994.

“Cost Recovery and Utility Incentives.” Day-long presentation as part of the Demand-Side-Management Training Institute’s workshop, “DSM for Public Interest Groups,” October 1993.

“Cost Allocation for Utility Ratemaking.” With Susan Geller. Day-long workshop for the staff of the Connecticut Department of Public Utility Control, October 1993.

“Comparing and Integrating DSM with Supply.” Day-long presentation as part of the Demand-Side-Management Training Institute’s workshop, “DSM for Public Interest Groups,” October 1993.

“DSM Cost Recovery and Rate Impacts.” Presentation as part of “Effective DSM Collaborative Processes,” a week-long training session for Ohio DSM advocates sponsored by the Ohio Office of Energy Efficiency, August 1993.

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“Cost Recovery and Decoupling” and “The Clean Air Act and Externalities in Utility Resource Planning” panels (session leader), DSM Advocacy Workshop; April 15 1992.

“Overview of Integrated Resources Planning Procedures in South Carolina and Critique of South Carolina Demand Side Management Programs,” Energy Planning Workshops; Columbia, S.C.; October 21 1991;

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“Quantifying and Valuing Environmental Externalities.” Presentation at the Lawrence Berkeley Laboratory Training Program for Regulatory Staff, sponsored by the U.S. Department of Energy’s Least-Cost Utility Planning Program; Berkeley, California, February 2 1990;

“Conservation in the Future of Natural Gas Local Distribution Companies,” District of Columbia Natural Gas Seminar; Washington, D.C., May 23 1989.

“Conservation and Load Management for Natural Gas Utilities,” Massachusetts Natural Gas Council; Newton, Massachusetts, April 3 1989.

New England Conference of Public Utilities Commissioners, Environmental Externalities Workshop; Portsmouth, New Hampshire, January 22–23 1989.

“Assessment and Valuation of External Environmental Damages,” New England Utility Rate Forum; Plymouth, Massachusetts, October 11 1985; “Lessons from Massachusetts on Long Term Rates for QFs”.

“Reviewing Utility Supply Plans,” Massachusetts Energy Facilities Siting Council; Boston, Massachusetts, May 30 1985.

“Power Plant Performance,” National Association of State Utility Consumer Advocates; Williamstown, Massachusetts, August 13 1984.

“Utility Rate Shock,” National Conference of State Legislatures; Boston, Massachusetts, August 6 1984.

“Review and Modification of Regulatory and Rate Making Policy,” National Governors’ Association Working Group on Nuclear Power Cost Overruns; Washington, D.C., June 20 1984.

“Review and Modification of Regulatory and Rate Making Policy,” Annual Meeting of the American Association for the Advancement of Science, Session on Monitoring for Risk Management; Detroit, Michigan, May 27 1983.

## **ADVISORY ASSIGNMENTS TO REGULATORY COMMISSIONS**

District of Columbia Public Service Commission, Docket No. 834, Phase II; Least-cost planning procedures and goals; August 1987 to March 1988.

Connecticut Department of Public Utility Control, Docket No. 87-07-01, Phase 2; Rate design and cost allocations; March 1988 to June 1989.

## **EXPERT TESTIMONY**

1. **MEFSC 78-12/MDPU 19494**, Phase I; Boston Edison 1978 forecast; Massachusetts Attorney General; June 12 1978.

Appliance penetration projections, price elasticity, econometric commercial forecast, peak demand forecast. Joint testimony with Susan C. Geller.

2. **MEFSC 78-17**; Northeast Utilities 1978 forecast; Massachusetts Attorney General; September 29 1978.

Specification of economic/demographic and industrial models, appliance efficiency, commercial model structure and estimation.

3. **MEFSC 78-33**; Eastern Utilities Associates 1978 forecast; Massachusetts Attorney General; November 27 1978.

Household size, appliance efficiency, appliance penetration, price elasticity, commercial forecast, industrial trending, peak demand forecast.

4. **MDPU 19494**; Phase II; Boston Edison Company Construction Program; Massachusetts Attorney General; April 1 1979.

Review of numerous aspects of the 1978 demand forecasts of nine New England electric utilities, constituting 92% of projected regional demand growth, and of the NEPOOL demand forecast. Joint testimony with S.C. Geller.

5. **MDPU 19494**; Phase II; Boston Edison Company Construction Program; Massachusetts Attorney General; April 1 1979.

Reliability, capacity planning, capability responsibility allocation, customer generation, co-generation rates, reserve margins, operating reserve allocation. Joint testimony with S. Finger.

6. **ASLB, NRC 50-471**; Pilgrim Unit 2, Boston Edison Company; Commonwealth of Massachusetts; June 29 1979.

Review of the Oak Ridge National Laboratory and NEPOOL demand forecast models; cost-effectiveness of oil displacement; nuclear economics. Joint testimony with S.C. Geller.

7. **MDPU 19845**; Boston Edison Time-of-Use Rate Case; Massachusetts Attorney General; December 4 1979.

Critique of utility marginal cost study and proposed rates; principles of marginal cost principles, cost derivation, and rate design; options for reconciling costs and revenues. Joint testimony with S.C. Geller. Testimony eventually withdrawn due to delay in case.

8. **MDPU 20055**; Petition of Eastern Utilities Associates, New Bedford G. & E., and Fitchburg G. & E. to purchase additional shares of Seabrook Nuclear Plant; Massachusetts Attorney General; January 23 1980.

Review of demand forecasts of three utilities purchasing Seabrook shares; Seabrook power costs, including construction cost, completion date, capacity factor, O&M expenses, interim replacements, reserves and uncertainties; alternative energy sources, including conservation, cogeneration, rate reform, solar, wood and coal conversion.

9. **MDPU 20248**; Petition of MMWEC to Purchase Additional Share of Seabrook Nuclear Plant; Massachusetts Attorney General; June 2 1980.

Nuclear power costs; update and extension of MDPU 20055 testimony.

10. **MDPU 200**; Massachusetts Electric Company Rate Case; Massachusetts Attorney General; June 16 1980.

Rate design; declining blocks, promotional rates, alternative energy, demand charges, demand ratchets; conservation: master metering, storage heating, efficiency standards, restricting resistance heating.

11. **MEFSC 79-33**; Eastern Utilities Associates 1979 Forecast; Massachusetts Attorney General; July 16 1980.

Customer projections, consistency issues, appliance efficiency, new appliance types, commercial specifications, industrial data manipulation and trending, sales and resale.

12. **MDPU 243**; Eastern Edison Company Rate Case; Massachusetts Attorney General; August 19 1980.

Rate design: declining blocks, promotional rates, alternative energy, master metering.

13. **Texas PUC 3298**; Gulf States Utilities Rate Case; East Texas Legal Services; August 25 1980.

Inter-class revenue allocations, including production plant in-service, O&M, CWIP, nuclear fuel in progress, amortization of canceled plant residential rate design; interruptible rates; off-peak rates. Joint testimony with M. B. Meyer.

14. **MEFSC 79-1**; Massachusetts Municipal Wholesale Electric Company Forecast; Massachusetts Attorney General; November 5 1980.

Cost comparison methodology; nuclear cost estimates; cost of conservation, cogeneration, and solar.

15. **MDPU 472**; Recovery of Residential Conservation Service Expenses; Massachusetts Attorney General; December 12 1980.

Conservation as an energy source; advantages of per-kWh allocation over per-customer-month allocation.

16. **MDPU 535**; Regulations to Carry Out Section 210 of PURPA; Massachusetts Attorney General; January 26 1981 and February 13 1981.

Filing requirements, certification, qualifying facility (QF) status, extent of coverage, review of contracts; energy rates; capacity rates; extra benefits of QFs in specific areas; wheeling; standardization of fees and charges.

17. **MEFSC 80-17**; Northeast Utilities 1980 Forecast; Massachusetts Attorney General; March 12 1981 (not presented).

Specification process, employment, electric heating promotion and penetration, commercial sales model, industrial model specification, documentation of price forecasts and wholesale forecast.

18. **MDPU 558**; Western Massachusetts Electric Company Rate Case; Massachusetts Attorney General; May 1981.

Rate design including declining blocks, marginal cost conservation impacts, and promotional rates. Conservation, including terms and conditions limiting renewable, cogeneration, small power production; scope of current conservation program; efficient insulation levels; additional conservation opportunities.

19. **MDPU 1048**; Boston Edison Plant Performance Standards; Massachusetts Attorney General; May 7 1982.

Critique of company approach, data, and statistical analysis; description of comparative and absolute approaches to standard-setting; proposals for standards and reporting requirements.

20. **DCPSC FC785**; Potomac Electric Power Rate Case; DC People's Counsel; July 29 1982.

Inter-class revenue allocations, including generation, transmission, and distribution plant classification; fuel and O&M classification; distribution and service allocators. Marginal cost estimation, including losses.

21. **NHPUC DE1-312**; Public Service of New Hampshire-Supply and Demand; Conservation Law Foundation, et al.; October 8 1982.

Conservation program design, ratemaking, and effectiveness. Cost of power from Seabrook nuclear plant, including construction cost and duration, capacity factor, O&M, replacements, insurance, and decommissioning.

22. **Massachusetts Division of Insurance**; Hearing to Fix and Establish 1983 Automobile Insurance Rates; Massachusetts Attorney General; October 1982.

Profit margin calculations, including methodology, interest rates, surplus flow, tax flows, tax rates, and risk premium.

- 23. Illinois Commerce Commission 82-0026;** Commonwealth Edison Rate Case; Illinois Attorney General; October 15 1982.

Review of Cost-Benefit Analysis for nuclear plant. Nuclear cost parameters (construction cost, O&M, capital additions, useful life, capacity factor), risks, discount rates, evaluation techniques.

- 24. New Mexico PSC 1794;** Public Service of New Mexico Application for Certification; New Mexico Attorney General; May 10 1983.

Review of Cost-Benefit Analysis for transmission line. Review of electricity price forecast, nuclear capacity factors, load forecast. Critique of company ratemaking proposals; development of alternative ratemaking proposal.

- 25. Connecticut Public Utility Control Authority 830301;** United Illuminating Rate Case; Connecticut Consumers Counsel; June 17 1983.

Cost of Seabrook nuclear power plants, including construction cost and duration, capacity factor, O&M, capital additions, insurance and decommissioning.

- 26. MDPU 1509;** Boston Edison Plant Performance Standards; Massachusetts Attorney General; July 15 1983.

Critique of company approach and statistical analysis; regression model of nuclear capacity factor; proposals for standards and for standard-setting methodologies.

- 27. Massachusetts Division of Insurance;** Hearing to Fix and Establish 1984 Automobile Insurance Rates; Massachusetts Attorney General; October 1983.

Profit margin calculations, including methodology, interest rates.

- 28. Connecticut Public Utility Control Authority 83-07-15;** Connecticut Light and Power Rate Case; Alloy Foundry; October 3 1983.

Industrial rate design. Marginal and embedded costs; classification of generation, transmission, and distribution expenses; demand versus energy charges.

- 29. MEFSC 83-24;** New England Electric System Forecast of Electric Resources and Requirements; Massachusetts Attorney General; November 14 1983, Rebuttal, February 2 1984.

Need for transmission line. Status of supply plan, especially Seabrook 2. Review of interconnection requirements. Analysis of cost-effectiveness for power transfer, line losses, generation assumptions.

- 30. Michigan PSC U-7775;** Detroit Edison Fuel Cost Recovery Plan; Public Interest Research Group in Michigan; February 21 1984.



Review of proposed performance target for new nuclear power plant. Formulation of alternative proposals.

- 31. MDPU 84-25;** Western Massachusetts Electric Company Rate Case; Massachusetts Attorney General; April 6 1984.

Need for Millstone 3. Cost of completing and operating unit, cost-effectiveness compared to alternatives, and its effect on rates. Equity and incentive problems created by CWIP. Design of Millstone 3 phase-in proposals to protect ratepayers: limitation of base-rate treatment to fuel savings benefit of unit.

- 32. MDPU 84-49 and 84-50;** Fitchburg Gas & Electric Financing Case; Massachusetts Attorney General; April 13 1984.

Cost of completing and operating Seabrook nuclear units. Probability of completing Seabrook 2. Recommendations regarding FG&E and MDPU actions with respect to Seabrook.

- 33. Michigan PSC U-7785;** Consumers Power Fuel Cost Recovery Plan; Public Interest Research Group in Michigan; April 16 1984.

Review of proposed performance targets for two existing and two new nuclear power plants. Formulation of alternative policy.

- 34. FERC ER81-749-000 and ER82-325-000;** Montaup Electric Rate Cases; Massachusetts Attorney General; April 27 1984.

Prudence of Montaup and Boston Edison in decisions regarding Pilgrim 2 construction: Montaup's decision to participate, the Utilities' failure to review their earlier analyses and assumptions, Montaup's failure to question Edison's decisions, and the utilities' delay in canceling the unit.

- 35. Maine PUC 84-113;** Seabrook 1 Investigation; Maine Public Advocate; September 13 1984.

Cost of completing and operating Seabrook Unit 1. Probability of completing Seabrook 1. Comparison of Seabrook to alternatives. Rate effects. Recommendations regarding utility and PUC actions with respect to Seabrook.

- 36. MDPU 84-145;** Fitchburg Gas and Electric Rate Case; Massachusetts Attorney General; November 6 1984.

Prudence of Fitchburg and Public Service of New Hampshire in decision regarding Seabrook 2 construction: FGE's decision to participate, the utilities' failure to review their earlier analyses and assumptions, FGE's failure to question PSNH's decisions, and utilities' delay in halting construction and canceling the unit. Review of literature, cost and schedule estimate histories, cost-benefit analyses, and financial feasibility.

- 37. Pennsylvania PUC R-842651;** Pennsylvania Power and Light Rate Case; Pennsylvania Consumer Advocate; November 1984.

Need for Susquehanna 2. Cost of operating unit, power output, cost-effectiveness compared to alternatives, and its effect on rates. Design of phase-in and excess capacity proposals to protect ratepayers: limitation of base-rate treatment to fuel savings benefit of unit.

- 38. NHPUC 84-200;** Seabrook Unit 1 Investigation; New Hampshire Public Advocate; November 15 1984.

Cost of completing and operating Seabrook Unit 1. Probability of completing Seabrook 1. Comparison of Seabrook to alternatives. Rate and financial effects.

- 39. Massachusetts Division of Insurance;** Hearing to Fix and Establish 1985 Automobile Insurance Rates; Massachusetts Attorney General; November 1984.

Profit margin calculations, including methodology and implementation.

- 40. MDPU 84-152;** Seabrook Unit 1 Investigation; Massachusetts Attorney General; December 12 1984.

Cost of completing and operating Seabrook. Probability of completing Seabrook 1. Seabrook capacity factors.

- 41. Maine PUC 84-120;** Central Maine Power Rate Case; Maine PUC Staff; December 11 1984.

Prudence of Central Maine Power and Boston Edison in decisions regarding Pilgrim 2 construction: CMP's decision to participate, the utilities' failure to review their earlier analyses and assumptions, CMP's failure to question Edison's decisions, and the utilities' delay in canceling the unit. Prudence of CMP in the planning and investment in Sears Island nuclear and coal plants. Review of literature, cost and schedule estimate histories, cost-benefit analyses, and financial feasibility.

- 42. Maine PUC 84-113;** Seabrook 2 Investigation; Maine PUC Staff; December 14 1984.

Prudence of Maine utilities and Public Service of New Hampshire in decisions regarding Seabrook 2 construction: decisions to participate and to increase ownership share, the utilities' failure to review their earlier analyses and assumptions, failure to question PSNH's decisions, and the utilities' delay in halting construction and canceling the unit. Review of literature, cost and schedule estimate histories, cost-benefit analyses, and financial feasibility.

- 43. MDPU 1627;** Massachusetts Municipal Wholesale Electric Company Financing Case; Massachusetts Executive Office of Energy Resources; January 14 1985.

Cost of completing and operating Seabrook nuclear unit 1. Cost of conservation and other alternatives to completing Seabrook. Comparison of Seabrook to alternatives.

- 44. Vermont PSB 4936;** Millstone 3; Costs and In-Service Date; Vermont Department of Public Service; January 21 1985.

Construction schedule and cost of completing Millstone Unit 3.

- 45. MDPU 84-276;** Rules Governing Rates for Utility Purchases of Power from Qualifying Facilities; Massachusetts Attorney General; March 25 1985, and October 18 1985.

Institutional and technological advantages of Qualifying Facilities. Potential for QF development. Goals of QF rate design. Parity with other power sources. Security requirements. Projecting avoided costs. Capacity credits. Pricing options. Line loss corrections.

- 46. MDPU 85-121;** Investigation of the Reading Municipal Light Department; Wilmington (MA) Chamber of Commerce; November 12 1985.

Calculation on return on investment for municipal utility. Treatment of depreciation and debt for ratemaking. Geographical discrimination in street-lighting rates. Relative size of voluntary payments to Reading and other towns. Surplus and disinvestment. Revenue allocation.

- 47. Massachusetts Division of Insurance;** Hearing to Fix and Establish 1986 Automobile Insurance Rates; Massachusetts Attorney General and State Rating Bureau; November 1985.

Profit margin calculations, including methodology, implementation, modeling of investment balances, income, and return to shareholders.

- 48. New Mexico PSC 1833, Phase II;** El Paso Electric Rate Case; New Mexico Attorney General; December 23 1985.

Nuclear decommissioning fund design. Internal and external funds; risk and return; fund accumulation, recommendations. Interim performance standard for Palo Verde nuclear plant.

- 49. Pennsylvania PUC R-850152;** Philadelphia Electric Rate Case; Utility Users Committee and University of Pennsylvania; January 14 1986.

Limerick 1 rate effects. Capacity benefits, fuel savings, operating costs, capacity factors, and net benefits to ratepayers. Design of phase-in proposals.

- 50. MDPU 85-270;** Western Massachusetts Electric Rate Case; Massachusetts Attorney General; March 19 1986.

Prudence of Northeast Utilities in generation planning related to Millstone 3 construction: decisions to start and continue construction, failure to reduce ownership share, failure to pursue alternatives. Review of industry literature, cost and schedule histories, and retrospective cost-benefit analyses.

- 51. Pennsylvania PUC R-850290;** Philadelphia Electric Auxiliary Service Rates; Albert Einstein Medical Center, University of Pennsylvania and AMTRAK; March 24 1986.
- Review of utility proposals for supplementary and backup rates for small power producers and cogenerators. Load diversity, cost of peaking capacity, value of generation, price signals, and incentives. Formulation of alternative supplementary rate.
- 52. New Mexico PSC 2004;** Public Service of New Mexico, Palo Verde Issues; New Mexico Attorney General; May 7 1986.
- Recommendations for Power Plant Performance Standards for Palo Verde nuclear units 1, 2, and 3.
- 53. Illinois Commerce Commission 86-0325;** Iowa-Illinois Gas and Electric Co. Rate Investigation; Illinois Office of Public Counsel; August 13 1986.
- Determination of excess capacity based on reliability and economic concerns. Identification of specific units associated with excess capacity. Required reserve margins.
- 54. New Mexico PSC 2009;** El Paso Electric Rate Moderation Program; New Mexico Attorney General; August 18 1986. (Not presented).
- Prudence of EPE in generation planning related to Palo Verde nuclear construction, including failure to reduce ownership share and failure to pursue alternatives. Review of industry literature, cost and schedule histories, and retrospective cost-benefit analyses.
- Recommendation for rate-base treatment; proposal of power plant performance standards.
- 55. City of Boston, Public Improvements Commission;** Transfer of Boston Edison District Heating Steam System to Boston Thermal Corporation; Boston Housing Authority; December 18 1986.
- History and economics of steam system; possible motives of Boston Edison in seeking sale; problems facing Boston Thermal; information and assurances required prior to Commission approval of transfer.
- 56. Massachusetts Division of Insurance;** Hearing to Fix and Establish 1987 Automobile Insurance Rates; Massachusetts Attorney General and State Rating Bureau; December 1986 and January 1987.
- Profit margin calculations, including methodology, implementation, derivation of cash flows, installment income, income tax status, and return to shareholders.
- 57. MDPU 87-19;** Petition for Adjudication of Development Facilitation Program; Hull (MA) Municipal Light Plant; January 21 1987.

Estimation of potential load growth; cost of generation, transmission, and distribution additions. Determination of hook-up charges. Development of residential load estimation procedure reflecting appliance ownership, dwelling size.

- 58. New Mexico PSC 2004;** Public Service of New Mexico Nuclear Decommissioning Fund; New Mexico Attorney General; February 19 1987.

Decommissioning cost and likely operating life of nuclear plants. Review of utility funding proposal. Development of alternative proposal. Ratemaking treatment.

- 59. MDPU 86-280;** Western Massachusetts Electric Rate Case; Massachusetts Energy Office; March 9 1987.

Marginal cost rate design issues. Superiority of long-run marginal cost over short-run marginal cost as basis for rate design. Relationship of consumer reaction, utility planning process, and regulatory structure to rate design approach. Implementation of short-run and long-run rate designs. Demand versus energy charges, economic development rates, spot pricing.

- 60. Massachusetts Division of Insurance 87-9;** 1987 Workers' Compensation Rate Filing; State Rating Bureau; May 1987.

Profit margin calculations, including methodology, implementation, surplus requirements, investment income, and effects of 1986 Tax Reform Act.

- 61. Texas PUC 6184;** Economic Viability of South Texas Nuclear Plant #2; Committee for Consumer Rate Relief; August 17 1987.

STNP operating parameter projections; capacity factor, O&M, capital additions, decommissioning, useful life. STNP 2 cost and schedule projections. Potential for conservation.

- 62. Minnesota PUC ER-015/GR-87-223;** Minnesota Power Rate Case; Minnesota Department of Public Service; August 17 1987.

Excess capacity on MP system; historical, current, and projected. Review of MP planning prudence prior to and during excess; efforts to sell capacity. Cost of excess capacity. Recommendations for ratemaking treatment.

- 63. Massachusetts Division of Insurance 87-27;** 1988 Automobile Insurance Rates; Massachusetts Attorney General and State Rating Bureau; September 2 1987. Rebuttal October 8 1987.

Underwriting profit margins. Effect of 1986 Tax Reform Act. Biases in calculation of average margins.

- 64. MDPU 88-19;** Power Sales Contract from Riverside Steam and Electric to Western Massachusetts Electric; Riverside Steam and Electric; November 4 1987.

Comparison of risk from QF contract and utility avoided cost sources. Risk of oil dependence. Discounting cash flows to reflect risk.

- 65. Massachusetts Division of Insurance** 87-53; 1987 Workers' Compensation Rate Refiling; State Rating Bureau; December 14 1987.

Profit margin calculations, including updating of data, compliance with Commissioner's order, treatment of surplus and risk, interest rate calculation, and investment tax rate calculation.

- 66. Massachusetts Division of Insurance;** 1987 and 1988 Automobile Insurance Remand Rates; Massachusetts Attorney General and State Rating Bureau; February 5 1988.

Underwriting profit margins. Provisions for income taxes on finance charges. Relationships between allowed and achieved margins, between statewide and nationwide data, and between profit allowances and cost projections.

- 67. MDPU** 86-36; Investigation into the Pricing and Ratemaking Treatment to be Afforded New Electric Generating Facilities which are not Qualifying Facilities; Conservation Law Foundation; May 2 1988.

Cost recovery for utility conservation programs. Compensating for lost revenues. Utility incentive structures.

- 68. MDPU** 88-123; Petition of Riverside Steam & Electric Company; Riverside Steam and Electric Company; May 18 1988, and November 8 1988.

Estimation of avoided costs of Western Massachusetts Electric Company. Nuclear capacity factor projections and effects on avoided costs. Avoided cost of energy interchange and power plant life extensions. Differences between median and expected oil prices. Salvage value of cogeneration facility. Off-system energy purchase projections. Reconciliation of avoided cost projection.

- 69. MDPU** 88-67; Boston Gas Company; Boston Housing Authority; June 17 1988.

Estimation of annual avoidable costs, 1988 to 2005, and levelized avoided costs. Determination of cost recovery and carrying costs for conservation investments. Standards for assessing conservation cost-effectiveness. Evaluation of cost-effectiveness of utility funding of proposed natural gas conservation measures.

- 70. Rhode Island PUC** Docket 1900; Providence Water Supply Board Tariff Filing; Conservation Law Foundation, Audubon Society of Rhode Island, and League of Women Voters of Rhode Island; June 24 1988.

Estimation of avoidable water supply costs. Determination of costs of water conservation. Conservation cost-benefit analysis.

- 71. Massachusetts Division of Insurance** 88-22; 1989 Automobile Insurance Rates; Massachusetts Attorney General and State Rating Bureau; Profit Issues, August 12 1988, supplemented August 19 1988; Losses and Expenses, September 16 1988.

Underwriting profit margins. Effects of 1986 Tax Reform Act. Taxation of common stocks. Lag in tax payments. Modeling risk and return over time. Treatment of finance charges. Comparison of projected and achieved investment returns.

72. **Vermont PSB 5270**, Module 6; Investigation into Least-Cost Investments, Energy Efficiency, Conservation, and the Management of Demand for Energy; Conservation Law Foundation, Vermont Natural Resources Council, and Vermont Public Interest Research Group; September 26 1988.

Cost recovery for utility conservation programs. Compensation of utilities for revenue losses and timing differences. Incentive for utility participation.

73. **Vermont House of Representatives, Natural Resources Committee**; House Act 130; “Economic Analysis of Vermont Yankee Retirement”; Vermont Public Interest Research Group; February 21 1989.

Projection of capacity factors, operating and maintenance expense, capital additions, overhead, replacement power costs, and net costs of Vermont Yankee.

74. **MDPU 88-67**, Phase II; Boston Gas Company Conservation Program and Rate Design; Boston Gas Company; March 6 1989.

Estimation of avoided gas cost; treatment of non-price factors; estimation of externalities; identification of cost-effective conservation.

75. **Vermont PSB 5270**; Status Conference on Conservation and Load Management Policy Settlement; Central Vermont Public Service, Conservation Law Foundation, Vermont Natural Resources Council, Vermont Public Interest Research Group, and Vermont Department of Public Service; May 1 1989.

Cost-benefit test for utility conservation programs. Role of externalities. Cost recovery concepts and mechanisms. Resource allocations, cost allocations, and equity considerations. Guidelines for conservation preapproval mechanisms. Incentive mechanisms and recovery of lost revenues.

76. **Boston Housing Authority Court 05099**; Gallivan Boulevard Task Force vs. Boston Housing Authority, et al.; Boston Housing Authority; June 16 1989.

Effect of master-metering on consumption of natural gas and electricity. Legislative and regulatory mandates regarding conservation.

77. **MDPU 89-100**; Boston Edison Rate Case; Massachusetts Energy Office; June 30 1989.

Prudence of BECo’s decision of spend \$400 million from 1986–88 on returning the Pilgrim nuclear power plant to service. Projections of nuclear capacity factors, O&M, capital additions, and overhead. Review of decommissioning cost, tax effect of abandonment, replacement power cost, and plant useful life estimates. Requirements for prudence and used-and-useful analyses.

- 78. MDPU 88-123;** Petition of Riverside Steam and Electric Company; Riverside Steam and Electric; July 24 1989. Rebuttal, October 3 1989.

Reasonableness of Northeast Utilities' 1987 avoided cost estimates. Projections of nuclear capacity factors, economy purchases, and power plant operating life. Treatment of avoidable energy and capacity costs and of off-system sales. Expected versus reference fuel prices.

- 79. MDPU 89-72;** Statewide Towing Association, Police-Ordered Towing Rates; Massachusetts Automobile Rating Bureau; September 13 1989.

Review of study supporting proposed increase in towing rates. Critique of study sample and methodology. Comparison to competitive rates. Supply of towing services. Effects of joint products and joint sales on profitability of police-ordered towing. Joint testimony with I. Goodman.

- 80. Vermont PSB 5330;** Application of Vermont Utilities for Approval of a Firm Power and Energy Contract with Hydro-Quebec; Conservation Law Foundation, Vermont Natural Resources Council, Vermont Public Interest Research Group; December 19 1989. Surrebuttal February 6 1990.

Analysis of a proposed 450-MW, 20 year purchase of Hydro-Quebec power by twenty-four Vermont utilities. Comparison to efficiency investment in Vermont, including potential for efficiency savings. Analysis of Vermont electric energy supply. Identification of possible improvements to proposed contract.

Critique of conservation potential analysis. Planning risk of large supply additions. Valuation of environmental externalities.

- 81. MDPU 89-239;** Inclusion of Externalities in Energy Supply Planning, Acquisition and Dispatch for Massachusetts Utilities; December 1989; April 1990; May 1990.

Critique of Division of Energy Resources report on externalities. Methodology for evaluating external costs. Proposed values for environmental and economic externalities of fuel supply and use.

- 82. California PUC;** Incorporation of Environmental Externalities in Utility Planning and Pricing; Coalition of Energy Efficient and Renewable Technologies; February 21 1990.

Approaches for valuing externalities for inclusion in setting power purchase rates. Effect of uncertainty on assessing externality values.

- 83. Illinois Commerce Commission Docket 90-0038;** Proceeding to Adopt a Least Cost Electric Energy Plan for Commonwealth Edison Company; City of Chicago; May 25 1990. Joint rebuttal testimony with David Birr, August 14 1990.

Problems in Commonwealth Edison's approach to demand-side management. Potential for cost-effective conservation. Valuing externalities in least-cost planning.



- 84. Maryland PSC 8278;** Adequacy of Baltimore Gas & Electric's Integrated Resource Plan; Maryland Office of People's Counsel; September 18 1990.

Rationale for demand-side management, and BG&E's problems in approach to DSM planning. Potential for cost-effective conservation. Valuation of environmental externalities. Recommendations for short-term DSM program priorities.

- 85. Indiana Utility Regulatory Commission;** Integrated Resource Planning Docket; Indiana Office of Utility Consumer Counselor; November 1 1990.

Integrated resource planning process and methodology, including externalities and screening tools. Incentives, screening, and evaluation of demand-side management. Potential of resource bidding in Indiana.

- 86. MDPU 89-141, 90-73, 90-141, 90-194, and 90-270;** Preliminary Review of Utility Treatment of Environmental Externalities in October QF Filings; Boston Gas Company; November 5 1990.

Generic and specific problems in Massachusetts utilities' RFPs with regard to externality valuation requirements. Recommendations for corrections.

- 87. MEFSC 90-12/90-12A;** Adequacy of Boston Edison Proposal to Build Combined-Cycle Plant; Conservation Law Foundation; December 14 1990.

Problems in Boston Edison's treatment of demand-side management, supply option analysis, and resource planning. Recommendations of mitigation options.

- 88. Maine PUC 90-286;** Adequacy of Conservation Program of Bangor Hydro Electric; Penobscot River Coalition; February 19 1991.

Role of utility-sponsored DSM in least-cost planning. Bangor Hydro's potential for cost-effective conservation. Problems with Bangor Hydro's assumptions about customer investment in energy efficiency measures.

- 89. Virginia State Corporation Commission PUE900070;** Order Establishing Commission Investigation; Southern Environmental Law Center; March 6 1991.

Role of utilities in promoting energy efficiency. Least-cost planning objectives of and resource acquisition guidelines for DSM. Ratemaking considerations for DSM investments.

- 90. MDPU 90-261-A;** Economics and Role of Fuel-Switching in the DSM Program of the Massachusetts Electric Company; Boston Gas Company; April 17 1991.

Role of fuel-switching in utility DSM programs and specifically in Massachusetts Electric's. Establishing comparable avoided costs and comparison of electric and gas system costs. Updated externality values.

- 91. Private arbitration;** Massachusetts Refusetech Contractual Request for Adjustment to Service Fee; Massachusetts Refusetech; May 13 1991.

NEPCo rates for power purchases from the NESWC plant. Fuel price and avoided cost projections vs. realities.

- 92. Vermont PSB 5491;** Cost-Effectiveness of Central Vermont's Commitment to Hydro Quebec Purchases; Conservation Law Foundation; July 19 1991.

Changes in load forecasts and resale markets since approval of HQ purchases. Effect of HQ purchase on DSM.

- 93. South Carolina PSC 91-216-E;** Cost Recovery of Duke Power's DSM Expenditures; South Carolina Department of Consumer Affairs; September 13 1991. Surrebuttal October 2 1991.

Problems with conservation plans of Duke Power, including load building, cream skimming, and inappropriate rate designs.

- 94. Maryland PSC 8241, Phase II;** Review of Baltimore Gas & Electric's Avoided Costs; Maryland Office of People's Counsel; September 19 1991.

Development of direct avoided costs for DSM. Problems with BG&E's avoided costs and DSM screening. Incorporation of environmental externalities.

- 95. Bucksport Planning Board;** AES/Harriman Cove Shoreland Zoning Application; Conservation Law Foundation and Natural Resources Council of Maine; October 1 1991.

New England's power surplus. Costs of bringing AES/Harriman Cove on line to back out existing generation. Alternatives to AES.

- 96. MDPU 91-131;** Update of Externalities Values Adopted in Docket 89-239; Boston Gas Company; October 4 1991. Rebuttal, December 13 1991.

Updates on pollutant externality values. Addition of values for chlorofluorocarbons, air toxics, thermal pollution, and oil import premium. Review of state regulatory actions regarding externalities.

- 97. Florida PSC 910759;** Petition of Florida Power Corporation for Determination of Need for Proposed Electrical Power Plant and Related Facilities; Floridians for Responsible Utility Growth; October 21 1991.

Florida Power's obligation to pursue integrated resource planning and failure to establish need for proposed facility. Methods to increase scope and scale of demand-side investment.

- 98. Florida PSC 910833-EI;** Petition of Tampa Electric Company for a Determination of Need for Proposed Electrical Power Plant and Related Facilities; Floridians for Responsible Utility Growth; October 31 1991.

Tampa Electric's obligation to pursue integrated resource planning and failure to establish need for proposed facility. Methods to increase scope and scale of demand-side investment.

- 99. Pennsylvania PUC I-900005, R-901880;** Investigation into Demand Side Management by Electric Utilities; Pennsylvania Energy Office; January 10 1992.
- Appropriate cost recovery mechanism for Pennsylvania utilities. Purpose and scope of direct cost recovery, lost revenue recovery, and incentives.
- 100. South Carolina PSC 91-606-E;** Petition of South Carolina Electric and Gas for a Certificate of Public Convenience and Necessity for a Coal-Fired Plant; South Carolina Department of Consumer Affairs; January 20 1992.
- Justification of plant certification under integrated resource planning. Failures in SCE&G's DSM planning and company potential for demand-side savings.
- 101. MDPU 92-92;** Adequacy of Boston Edison's Street-Lighting Options; Town of Lexington; June 22 1992.
- Efficiency and quality of street-lighting options. Boston Edison's treatment of high-quality street lighting. Corrected rate proposal for the Daylux lamp. Ownership of public street lighting.
- 102. South Carolina PSC 92-208-E;** Integrated Resource Plan of Duke Power Company; South Carolina Department of Consumer Affairs; August 4 1992.
- Problems with Duke Power's DSM screening process, estimation of avoided cost, DSM program design, and integration of demand-side and supply-side planning.
- 103. North Carolina Utilities Commission E-100, Sub 64;** Integrated Resource Planning Docket; Southern Environmental Law Center; September 29 1992.
- General principles of integrated resource planning, DSM screening, and program design. Review of the IRPs of Duke Power Company, Carolina Power & Light Company, and North Carolina Power.
- 104. Ontario Environmental Assessment Board Ontario Hydro Demand/Supply Plan Hearings;** *Environmental Externalities Valuation and Ontario Hydro's Resource Planning* (3 vols.); October 1992.
- Valuation of environmental externalities from fossil fuel combustion and the nuclear fuel cycle. Application to Ontario Hydro's supply and demand planning.
- 105. Texas PUC 110000;** Application of Houston Lighting and Power Company for a Certificate of Convenience and Necessity for the DuPont Project; Destec Energy, Inc.; September 28 1992.
- Valuation of environmental externalities from fossil fuel combustion and the application to the evaluation of proposed cogeneration facility.
- 106. Maine Board of Environmental Protection;** In the Matter of the Basin Mills Hydroelectric Project Application; Conservation Intervenors; November 16 1992.

Economic and environmental effects of generation by proposed hydro-electric project.

- 107. Maryland PSC 8473;** Review of the Power Sales Agreement of Baltimore Gas and Electric with AES Northside; Maryland Office of People's Counsel; November 16 1992.

Non-price scoring and unquantified benefits; DSM potential as alternative; environmental costs; cost and benefit estimates.

- 108. North Carolina Utilities Commission E-100, Sub 64;** Analysis and Investigation of Least Cost Integrated Resource Planning in North Carolina; Southern Environmental Law Center; November 18 1992.

Demand-side management cost recovery and incentive mechanisms.

- 109. South Carolina PSC 92-209-E;** In Re Carolina Power & Light Company; South Carolina Department of Consumer Affairs; November 24 1992.

DSM planning: objectives, process, cost-effectiveness test, comprehensiveness, lost opportunities. Deficiencies in CP&L's portfolio. Need for economic evaluation of load building.

- 110 Florida Department of Environmental Regulation** hearings on the Power Plant Siting Act; Legal Environmental Assistance Foundation, December 1992.

Externality valuation and application in power-plant siting. DSM potential, cost-benefit test, and program designs.

- 111. Maryland PSC 8487;** Baltimore Gas and Electric Company, Electric Rate Case; January 13 1993. Rebuttal Testimony: February 4 1993.

Class allocation of production plant and O&M; transmission, distribution, and general plant; administrative and general expenses. Marginal cost and rate design.

- 112. Maryland PSC 8179;** for Approval of Amendment No. 2 to Potomac Edison Purchase Agreement with AES Warrior Run; Maryland Office of People's Counsel; January 29 1993.

Economic analysis of proposed coal-fired cogeneration facility.

- 113. Michigan PSC U-10102;** Detroit Edison Rate Case; Michigan United Conservation A. Clubs; February 17 1993.

Least-cost planning; energy efficiency planning, potential, screening, avoided costs, cost recovery, and shareholder incentives.

- 114. Ohio PUC 91-635-EL-FOR, 92-312-EL-FOR, 92-1172-EL-ECP;** Cincinnati Gas and Electric demand-management programs; City of Cincinnati. April 1993.

DSM planning, program designs, potential savings, and avoided costs.

- 115. Michigan PSC U-10335;** Consumers Power Rate Case; Michigan United Conservation Clubs; October 1993.

Least-cost planning; energy efficiency planning, potential, screening, avoided costs, cost recovery, and shareholder incentives.

- 116. Illinois Commerce Commission 92-0268,** Electric-Energy Plan for Commonwealth Edison; City of Chicago. Direct testimony, February 1 1994; rebuttal, September 1994.

Cost-effectiveness screening of demand-side management programs and measures; estimates by Commonwealth Edison of costs avoided by DSM and of future cost, capacity, and performance of supply resources.

- 117. FERC 2422 et al.,** Application of James River–New Hampshire Electric, Public Service of New Hampshire, for Licensing of Hydro Power; Conservation Law Foundation; 1993.

Cost-effective energy conservation available to the Public Service of New Hampshire; power-supply options; affidavit.

- 118. Vermont PSB 5270-CV-1,-3, and 5686;** Central Vermont Public Service Fuel-Switching and DSM Program Design, on behalf of the Vermont Department of Public Service. Direct, April 1994; rebuttal, June 1994.

Avoided costs and screening of controlled water-heating measures; risk, rate impacts, participant costs, externalities, space- and water-heating load, benefit-cost tests.

- 119. Florida PSC 930548-EG–930551–EG,** Conservation goals for Florida electric utilities; Legal Environmental Assistance Foundation, Inc. April 1994.

Integrated resource planning, avoided costs, rate impacts, analysis of conservation goals of Florida electric utilities.

- 120. Vermont PSB 5724,** Central Vermont Public Service Corporation rate request; Vermont Department of Public Service. Joint surrebuttal testimony with John Plunkett. August 1994.

Costs avoided by DSM programs; Costs and benefits of deferring DSM programs.

- 121. MDPU 94-49,** Boston Edison integrated resource-management plan; Massachusetts Attorney General. August 1994.

Least-cost planning, modeling, and treatment of risk.

- 122. Michigan PSC U-10554,** Consumers Power Company DSM Program and Incentive; Michigan Conservation Clubs. November 1994.

Critique of proposed reductions in DSM programs; discussion of appropriate measurements of cost-effectiveness, role of DSM in competitive power markets.

- 123. Michigan PSC U-10702**, Detroit Edison Company Cost Recovery, on behalf of the Residential Ratepayers Consortium. December 1994.

Impact of proposed changes to DSM plan on energy costs and power-supply-cost-recovery charges. Critique of proposed DSM changes; discussion of appropriate measurements of cost-effectiveness, role of DSM in competitive power markets.

- 124. New Jersey Board of Regulatory Commissioners EM92030359**, Environmental costs of proposed cogeneration; Freehold Cogeneration Associates. November 1994.

Comparison of potential externalities from the Freehold cogeneration project with that from three coal technologies; support for the study “The Externalities of Four Power Plants.”

- 125. Michigan PSC U-10671**, Detroit Edison Company DSM Programs; Michigan United Conservation Clubs. January 1995.

Critique of proposal to scale back DSM efforts in light of potential for competition. Loss of savings, increase of customer costs, and decrease of competitiveness. Discussion of appropriate measurements of cost-effectiveness, role of DSM in competitive power markets.

- 126. Michigan PSC U-10710**, Power-supply-cost-recovery plan of Consumers Power Company; Residential Ratepayers Consortium. January 1995.

Impact of proposed changes to DSM plan on energy costs and power-supply-cost-recovery charges. Critique of proposed DSM changes; discussion of appropriate measurements of cost-effectiveness, role of DSM in competitive power markets.

- 127. FERC 2458 and 2572**, Bowater–Great Northern Paper hydropower licensing; Conservation Law Foundation. February 1995.

Comments on draft environmental impact statement relating to new licenses for two hydropower projects in Maine. Applicant has not adequately considered how energy conservation can replace energy lost due to habitat-protection or -enhancement measures.

- 128. North Carolina Utilities Commission E-100, Sub 74**, Duke Power and Carolina Power & Light avoided costs; Hydro-Electric–Power Producer’s Group. February 1995.

Critique and proposed revision of avoided costs offered to small hydro-power producers by Duke Power and Carolina Power and Light.

- 129. New Orleans City Council UD-92-2A and -2B**, Least-cost IRP for New Orleans Public Service and Louisiana Power & Light; Alliance for Affordable Energy. Direct, February 1995; rebuttal, April 1995.

Critique of proposal to scale back DSM efforts in light of potential competition.

- 130. DCPSC Formal 917, II, Prudence of DSM expenditures of Potomac Electric Power Company; Potomac Electric Power Company. Rebuttal testimony, February 1995.**  
Prudence of utility DSM investment; prudence standards for DSM programs of the Potomac Electric Power Company.
- 131. Ontario Energy Board EBRO 490, DSM cost recovery and lost-revenue–adjustment mechanism for Consumers Gas Company; Green Energy Coalition. April 1995.**  
DSM cost recovery. Lost-revenue–adjustment mechanism for Consumers Gas Company.
- 132. New Orleans City Council CD-85-1, New Orleans Public Service rate increase; Alliance for Affordable Energy. Rebuttal, May 1995.**  
Allocation of costs and benefits to rate classes.
- 133. MDPU Docket DPU-95-40, Mass. Electric cost-allocation; Massachusetts Attorney General. June 1995.**  
Allocation of costs to rate classes. Critique of cost-of-service study. Implications for industry restructuring.
- 134. Maryland PSC 8697, Baltimore Gas & Electric gas rate increase; Maryland Office of People’s Counsel. July 1995**  
Rate design, cost-of-service study, and revenue allocation.
- 135. North Carolina Utilities Commission E-2, Sub 669. December 1995.**  
Need for new capacity. Energy-conservation potential and model programs.
- 136. Arizona Commerce Commission U-1933-95-317, Tucson Electric Power rate increase; Residential Utility Consumer Office. January 1996.**  
Review of proposed rate settlement. Used-and-usefulness of plant. Rate design. DSM potential.
- 137. Ohio PUC 95-203-EL-FOR; Campaign for an Energy-Efficient Ohio. February 1996**  
Long-term forecast of Cincinnati Gas and Electric Company, especially its DSM portfolio. Opportunities for further cost-effective DSM savings. Tests of cost effectiveness. Role of DSM in light of industry restructuring; alternatives to traditional utility DSM.
- 138. Vermont PSB 5835; Vermont Department of Public Service. February 1996.**  
Design of load-management rates of Central Vermont Public Service Company.
- 139. Maryland PSC 8720, Washington Gas Light DSM; Maryland Office of People’s Counsel. May 1996.**  
Avoided costs of Washington Gas Light Company; integrated least-cost planning.

- 140. MDPU DPU 96-100; Massachusetts Utilities' Stranded Costs; Massachusetts Attorney General.** Oral testimony in support of "estimation of Market Value, Stranded Investment, and Restructuring Gains for Major Massachusetts Utilities," July 1996.  
Stranded costs. Calculation of loss or gain. Valuation of utility assets.
- 141. MDPU DPU 96-70; Massachusetts Attorney General.** July 1996.  
Market-based allocation of gas-supply costs of Essex County Gas Company.
- 142. MDPU DPU 96-60; Massachusetts Attorney General.** Direct testimony, July 1996; surrebuttal, August 1996.  
Market-based allocation of gas-supply costs of Fall River Gas Company.
- 143. Maryland PSC 8725; Maryland Office of People's Counsel.** July 1996.  
Proposed merger of Baltimore Gas & Electric Company, Potomac Electric Power Company, and Constellation Energy. Cost allocation of merger benefits and rate reductions.
- 144. New Hampshire PUC DR 96-150, Public Service Company of New Hampshire stranded costs; New Hampshire Office of Consumer Advocate.** December 1996.  
Market price of capacity and energy; value of generation plant; restructuring gain and stranded investment; legal status of PSNH acquisition premium; interim stranded-cost charges.
- 145. Ontario Energy Board EBRO 495, LRAM and shared-savings incentive for DSM performance of Consumers Gas; Green Energy Coalition.** March 1997.  
LRAM and shared-savings incentive mechanisms in rates for the Consumers Gas Company Ltd.
- 146. New York PSC Case 96-E-0897, Consolidated Edison restructuring plan; City of New York.** April 1997.  
Electric-utility competition and restructuring; critique of proposed settlement of Consolidated Edison Company; stranded costs; market power; rates; market access.
- 147. Vermont PSB 5980, proposed statewide energy plan; Vermont Department of Public Service.** Direct, August 1997; rebuttal, December 1997.  
Justification for and estimation of statewide avoided costs; guidelines for distributed IRP.
- 148. MDPU 96-23, Boston Edison restructuring settlement; Utility Workers Union of America.** September 1997.  
Performance incentives proposed for the Boston Edison company.
- 149. Vermont PSB 5983, Green Mountain Power rate increase; Vermont Department of Public Service.** Direct, October 1997; rebuttal, December 1997.



In three separate pieces of prefiled testimony, addressed the Green Mountain Power Corporation's (1) distributed-utility-planning efforts, (2) avoided costs, and (3) prudence of decisions relating to a power purchase from Hydro-Quebec.

- 150. MDPU 97-63**, Boston Edison proposed reorganization; Utility Workers Union of America. October 1997.

Increased costs and risks to ratepayers and shareholders from proposed reorganization; risks of diversification; diversion of capital from regulated to unregulated affiliates; reduction in Commission authority.

- 151. MDTE 97-111**, Commonwealth Energy proposed restructuring; Cape Cod Light Compact. Joint testimony with Jonathan Wallach, January 1998.

Critique of proposed restructuring plan filed to satisfy requirements of the electric-utility restructuring act of 1997. Failure of the plan to foster competition and promote the public interest.

- 152. NH PUC Docket DR 97-241**, Connecticut Valley Electric fuel and purchased-power adjustments; City of Claremont, N.H. February 1998.

Prudence of continued power purchase from affiliate; market cost of power; prudence disallowances and cost-of-service ratemaking.

- 153. Maryland PSC 8774**; APS-DQE merger; Maryland Office of People's Counsel. February 1998.

Power-supply arrangements between APS's operating subsidiaries; power-supply savings; market power.

- 154. Vermont PSB 6018**, Central Vermont Public Service Co. rate increase; Vermont Department of Public Service. February 1998.

Prudence of decisions relating to a power purchase from Hydro-Quebec. Reasonableness of avoided-cost estimates. Quality of DU planning.

- 155. Maine PUC 97-580**, Central Maine Power restructuring and rates; Maine Office of Public Advocate. May 1998; Surrebuttal, August 1998.

Determination of stranded costs; gains from sales of fossil, hydro, and biomass plant; treatment of deferred taxes; incentives for stranded-cost mitigation; rate design.

- 156. MDTE 98-89**, purchase of Boston Edison municipal streetlighting, Towns of Lexington and Acton. Affidavit, August 1998.

Valuation of municipal streetlighting; depreciation; applicability of unbundled rate.

- 157. Vermont PSB 6107**, Green Mountain Power rate increase, Vermont Department of Public Service. Direct, September 1998; Surrebuttal drafted but not filed, November 2000.

Prudence of decisions relating to a power purchase from Hydro-Quebec. Least-cost planning and prudence. Quality of DU planning.

- 158. MDTE 97-120**, Western Massachusetts Electric Company proposed restructuring; Massachusetts Attorney General. Joint testimony with Jonathan Wallach, October 1998. Joint surrebuttal with Jonathan Wallach, January 1999.

Market value of the three Millstone nuclear units under varying assumptions of plant performance and market prices. Independent forecast of wholesale market prices. Value of Pilgrim and TMI-1 asset sales.

- 159. Maryland PSC 8794 and 8804**; BG&E restructuring and rates; Maryland Office of People's Counsel. Direct, December 1998; rebuttal, March 1999.

Implementation of restructuring. Valuation of generation assets from comparable-sales and cash-flow analyses. Determination of stranded cost or gain.

- 160. Maryland PSC 8795**; Delmarva Power & Light restructuring and rates; Maryland Office of People's Counsel. December 1998.

Implementation of restructuring. Valuation of generation assets and purchases from comparable-sales and cash-flow analyses. Determination of stranded cost or gain.

- 161. Maryland PSC 8797**; Potomac Edison Company restructuring and rates; Maryland Office of People's Counsel. Direct, January 1999; rebuttal, March 1999.

Implementation of restructuring. Valuation of generation assets and purchases from comparable-sales and cash-flow analyses. Determination of stranded cost or gain.

- 162. Connecticut DPUC 99-02-05**; Connecticut Light and Power Company stranded costs; Connecticut Office of Consumer Counsel. April 1999.

Projections of market price. Valuation of purchase agreements and nuclear and non-nuclear assets from comparable-sales and cash-flow analyses.

- 163. Connecticut DPUC 99-03-04**; United Illuminating Company stranded costs; Connecticut Office of Consumer Counsel. April 1999.

Projections of market price. Valuation of purchase agreements and nuclear assets from comparable-sales and cash-flow analyses.

- 164. Washington UTC UE-981627**; PacifiCorp–Scottish Power Merger, Office of the Attorney General. June 1999.

Review of proposed performance standards and valuation of performance. Review of proposed low-income assistance.

- 165. Utah PSC 98-2035-04**; PacifiCorp–Scottish Power Merger, Utah Committee of Consumer Services. June 1999.

Review of proposed performance standards and valuation of performance.

- 166. Connecticut DPUC 99-03-35;** United Illuminating Company proposed standard offer; Connecticut Office of Consumer Counsel. July 1999.

Design of standard offer by rate class. Design of price adjustments to preserve rate decrease. Market valuations of nuclear plants. Short-term stranded cost

- 167. Connecticut DPUC 99-03-36;** Connecticut Light and Power Company proposed standard offer; Connecticut Office of Consumer Counsel. Direct, July 1999; Supplemental, July 1999.

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